



1.42  
N 15 Q  
JUL 30 1938

UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration

QUESTIONS AND ANSWERS

1938 AAA FARM PROGRAM

NORTH CENTRAL REGION

June, 1938

1. QUESTION: If farmers reduce the acreage of certain crops, are they not contributing to a scarcity program?

ANSWER: Not if they merely reduce the amount of the surplus they cannot sell. Experience has shown that large farm surpluses of such crops as wheat, corn, and cotton actually create scarcity conditions in the city by lowering farm prices so much that the farmer is unable to buy city-made goods. That merely adds to the unemployment in the cities. The record carry-overs of wheat, corn, and other food crops in 1933 were accompanied by the longest bread-lines this country has ever known.

Through the Ever-Normal Granary, with its checks against both over-production and scarcity, the Farm Program offers the best protection yet devised for a permanent abundance of food in the cities at fair prices.

2. QUESTION: Is it regimentation for the AAA to pay farmers for co-operating in the program?

ANSWER: No. The Government offers the payments for two reasons. One is to compensate the farmer for the sacrifice he makes. The other is to protect the program against non-cooperative scrambling for markets. A farmer may join the program or not, just as he chooses; but when marketing quotas are found to be necessary for effective cooperation, marketing penalties are used to discourage any excess marketing that would benefit the non-cooperators at the expense of the cooperators.

3. QUESTION: Why were marketing quotas put into the Farm Act?

ANSWER: For the same reason that brakes are put on an automobile. The Agricultural Adjustment Act of 1938 provides for the Ever-Normal Granary and this will result in increased supplies of food and fiber. The Act also provides for loans. Without some means of protecting the Granary and the commodities which may be accumulated under the loans, the Farm Program might break down as did the Farm Board Program. When supplies reach high levels, the quotas are needed to prevent market gluts. They are needed to protect farm prices in years of excessive supplies and make it possible to continue government loans. They can go into effect only with a two-thirds favorable vote of the farmers voting.

4. QUESTION: Why will no loans be made on a commodity after the producers have voted down quotas for the commodity?

ANSWER: Quotas are not voted on until supplies reach a point where they are likely to get out of hand. If the producers voted down quotas, they would be rejecting proposals to protect themselves by adjusting their marketings to existing conditions. Consequently, it would be risking great injury to the farmers and loss to the Government to support prices through loans and at the same time continue unrestricted marketings when supplies had already reached excessive levels.

5. QUESTION: Do the commodity loans fix the prices for farm products at parity levels?

ANSWER: No. They put a floor under prices for cooperating producers by making it possible for them to hold their crops off the market until marketings can be adjusted to normal proportions and prices raised to reasonable levels. The loans are intended to prevent extreme declines in prices. They tend to support prices for all farmers.

6. QUESTION: Why should the AAA reduce production when there are people in this country who need food and clothing?

ANSWER: The farmer can no more afford to give away his produce than the city storekeeper can. If he gave his produce away, he could not buy what the city worker makes. If he gave only his surpluses away, he would destroy the market for the rest of his crop. The best the farmer can do is to keep the city storekeeper well stocked at all times with reasonably priced farm supplies. That, in brief, is the entire aim of the Ever-Normal Granary and of the AAA Farm Program.

The real limiting factor in providing food and clothing for people is not the supply of farm products but is virtually always consumer income. Big supplies of farm products and low prices do not mean food and clothing for those who need them. On the contrary, low farm prices ordinarily accompany periods of widespread unemployment. Continued over-production in such times would not help the needy. It would further reduce the purchasing power of the farmers, and their inability to buy would increase unemployment in the cities. Anyone who thinks that big supplies mean plenty for the poor has only to think back as far as 1932. The farmers piled up mountains of corn, of wheat, of every crop. It only made the breadlines longer.

7. QUESTION: If the government wants to get foreign markets for farm products, why does it not allow farm production to increase and farm prices to fall to levels so low as to increase sales to other countries?

ANSWER: A farmer is a businessman. Sales to foreign countries are of value to the farmers only if they result in more income for them.

The growers cannot afford to deplete their soil and bankrupt themselves indefinitely just for the privilege of selling cheap cotton, wheat, or other products to foreigners. Even if farmers did adopt such a course, with import quotas, etc., in effect in importing countries, only limited amounts could be sold at any price, however low.

8. QUESTION: What is the Ever-Normal Granary and how does the Farm Program propose to make use of it?

ANSWER: The Ever-Normal Granary is both the farmer's and the city-dweller's protection against bad crop years. The droughts of 1934 and 1936 which reduced the crops of corn in those years by more than a billion bushels and cut the yields of other crops similarly, dramatized the need for extra reserves of food and feed to protect both consumers and producers. The Agricultural Adjustment Act of 1938 provides the authority for storage of an additional reserve of about 100,000,000 bushels of wheat and 175,000,000 bushels of corn. In years of heavy production, the provision for such additional reserves provides a place for some of the surplus. This should provide a stabilizing influence on the market.

9. QUESTION: Will not the Ever-Normal Granary add to the surpluses and bring lower prices to the farmers?

ANSWER: The reserve will be held off the market so as to guard against any decrease in prices. Marketing quotas and commodity loans should help protect prices in big crop years and bring more stability of prices than in the past.

10. QUESTION: What is Economic Democracy and how is it fostered by the Farm Program?

ANSWER: Economic Democracy is the application of self-government to economic problems. As applied to the Farm Program, it means co-operation by farmers to meet their problems of production and marketing in a fair and orderly way. The county planning committees, county discussion groups, administration by farmer committees, and the referendums on marketing quotas are important factors in fostering such a democracy.

11. QUESTION: Why does the Government not fix the prices for farm products and get rid of the rest of the Farm Program?

ANSWER: Price-fixing for farm products would make it necessary to have absolute control of all agriculture including the processor industries. It would involve strict regimentation and extreme bureaucracy and lead to price fixing for all commodities. Fixing prices

without control of production would mean tremendous surpluses and a breakdown of the program with tremendous loss to both Government and farmers.

12. QUESTION: Why does the AAA program take good land out of production when much poorer land is left in cultivation?

ANSWER: In the first place, the necessary adjustment in supplies during periods of excessive surpluses could not be made if only so-called poor land were shifted to soil-conserving crops and uses. In the second place, farmers on comparatively poor land cannot be expected to take all their land out of cultivation. The sacrifice would be too great. Furthermore, if all the poor land were taken out of intensive cultivation and the good land planted regularly to soil-depleting crops, the good land soon would be poor land.

13. QUESTION: Why does the Government spend millions to bring new lands into cultivation by irrigating them while the AAA program is taking land out of production?

ANSWER: Most of the land taken out of intensive cultivation under these programs is wheat, cotton, corn, and tobacco land. With the possible exception of cotton, the land put into cultivation through irrigation projects usually is not planted to these surplus crops. The irrigation project land does not compete with corn or wheat land. During the past few years the droughts in sections of the West have caused farmers to migrate still farther West in search of opportunity. The irrigation projects help care for these people.

The Department of the Interior estimates that not more than 27,000 acres of land will be brought into cultivation through irrigation in 1938. This is less than 1/150 of one percent of the cultivated land in the United States and obviously has very little effect on production. Approximately 70 percent of this new land goes into hay and forage crops.

#### PARITY

1. QUESTION: What is parity price?

ANSWER: The price at which a commodity must sell in order to have the purchasing power for non-farm goods it had in a representative period in the past. This period is one when the price for the commodity was a fair one in comparison with the prices of things farmers have to buy. The parity period for most farm commodities is the 1909-1914 period.

2. QUESTION: How much is parity on wheat and corn?

ANSWER: The parity price for corn as of May 15 was 83 1/2 cents; the parity price for wheat on that same date, \$1.15.

3. QUESTION: What does parity income mean?

ANSWER: Parity income for agriculture is a farm income which farmers must receive from farm products in order to have purchasing power equal to that of a representative period in the past -- a period when agriculture received its fair share of the nation's income. The years 1909-1914 are taken as a representative fair period.

4. QUESTION: Which is the more important, parity price, or parity income?

ANSWER: Parity income. Parity price means very little unless the farmer has enough corn, or wheat, or other products for sale to bring parity income. Without improvements in present domestic and foreign demand for farm products, parity prices would probably result in lower incomes. Improvements in income, rather than price increases alone, are most desirable.

5. QUESTION: What are parity payments and will they be made under the Farm Program?

ANSWER: The Agricultural Adjustment Act of 1938 directs the Secretary to make "parity payments" to wheat, corn, cotton, rice and tobacco producers if and when appropriations are made therefor. These payments would be made to bring the return on these products as nearly equal to parity as is possible with available funds. An amendment to the work relief bill as passed by the Congress provides \$212,000,000 for price adjustment payments to farmers cooperating in the AAA Farm Program.

6. QUESTION: How much will the price adjustment payments be?

ANSWER: The payments will be based on a formula fixed by the amendment. The exact amounts for the various crops cannot be determined until the size and prices of the crops are known.

7. QUESTION: When will farmers receive their price adjustment payments?

ANSWER: The amendment provides that they will receive "price-adjustment" "upon the normal yield of the farm acreage allotment established for the commodity under the 1939 agricultural conservation program." These payments are conditional upon cooperation in the 1939 conservation program. Payments would be made, therefore, after proof of the producers' participation in the 1939 program.

8. QUESTION: Why should farmers receive parity or price adjustment payments?

ANSWER: The payments are partial recompense for the tariff and other handicaps which have placed agriculture at a disadvantage with

other groups. These handicaps, for the most part, are the result of Government action. Therefore, it is only fair that Government do something to give agriculture an even break in trying to reach the parity income goal.

#### IMPORTS

1. QUESTION: How large are the imports of corn into this country?

ANSWER: During the six months from November 1, 1937, to April 30, 1938, imports of corn were only 528,500 bushels. This is less than the production of two good corn-producing townships in the Corn Belt. During the same period exports of corn were about 120 times as large as imports. The total exports in the six months were nearly 65,000,000 bushels.

2. QUESTION: Why do we import any corn?

ANSWER: Generally speaking, a good deal of corn is imported after a drought year in this country because the prices in this country are high. If the prices are high enough to enable foreign corn to pay the 25 cent tariff and transportation costs, livestock, dairy, and poultry farmers are likely to need the corn that is imported. Some corn is imported every year to fill specialized needs of certain grist mills because they are unable to buy in this country the kind of corn they need. With the Ever-Normal Granary plan in operation, imports of corn should be considerably lessened.

3. QUESTION: Why does the Government lower the tariffs on farm products when it is trying to raise the prices for them?

ANSWER: On goods on which tariff rates have been lowered under the Trade Agreement Program, quotas have been applied which prevent the importation of these goods in quantities which will offer serious competition to American farmers. On the other hand, tariff concessions on these imports have been offset by provisions for greatly increased exports of both agricultural and industrial products from this country. These exports enable both foreigners and American industrial workers to buy more American farm products. The final result, therefore, is a better and wider market for American farm products in this country and abroad.

4. QUESTION: How much wheat are we importing?

ANSWER: In the 10 months from July 1, 1937, to April 30, 1938, only 700,000 bushels of wheat were imported into the United States while over 100 times as much, or 76,000,000 bushels, was exported to other countries. In ordinary times imports of wheat are especial kinds of that grain which are not grown here and which are needed for special uses. The wheat that is usually imported does not compete directly with most of the wheat grown in this country.

5. QUESTION: How much pork are we importing?

ANSWER: During the 10 months from July 1, 1937, to April 30, 1938, imports of pork were 56,000,000 pounds and exports were 214,-000,000 pounds. In other words, the United States exported four times as much pork as it imported.

6. QUESTION: What are the prospects for enlarging foreign markets for cotton, wheat, and pork?

ANSWER: If we want to enlarge foreign markets for our cotton, wheat, and pork, we will have to be willing to do two things: (1) Increase our imports of manufactured goods and other products that foreign countries can produce more cheaply than we do; (2) meet the competition of other countries that export these commodities, however low their prices.

7. QUESTION: How have the trade agreements affected imports of farm products?

ANSWER: The imports that have come into the United States are due almost entirely to the high prices resulting from temporary shortages in this country and from strengthened consumer buying power. The trade agreements, along with other recovery factors, have already increased the exports of farm products and helped improve farm incomes. Imports of farm products, as well as other products, are still far below the level of the twenties.

8. QUESTION: Why are the tariff reductions in a single trade agreement given to all countries?

ANSWER: All our trade agreements contain a "most favored nation" clause which automatically guarantees to the country concerned the same tariff treatment that we accord to any other nation, and that country in turn automatically gives us the same advantages which it gives to any other country. Nearly all nations follow this procedure.

The chief reason for this procedure is that we do not sell our goods directly to the same countries we buy from. We sell one product to country A; country A sells another product to country B; and country B sells still another product to the United States. If we discriminate against either A or B, that country will discriminate against us. If we lower the tariffs to country A and not to country B, then country B will raise its tariffs against goods coming directly and indirectly from the United States. If we want fair treatment from other countries, we must be fair to them.

9. QUESTION: How much has the Canadian trade agreement increased the imports of cattle?

ANSWER: Under the Canadian trade agreement the United States lowered the tariff on an amount of cattle equal only to one percent of the total production in this country. Thus, only a small increase in

cattle imports would be possible and that only when cattle prices in this country are higher than cattle prices in other countries.

10. QUESTION: Why doesn't the Government keep all imports of farm products from coming into this country?

ANSWER: The majority of farm products imported into this country are products such as coffee that do not compete with our products. In addition, other products imported compete only indirectly with our products. The United States is a large exporter of farm products such as cotton, wheat, and pork. If we shut out the products of other countries, they will shut out our products. Such a policy would do much more harm than good to the American farmer.

11. QUESTION: Should the United States quit worrying about her lost export markets?

ANSWER: The United States could probably live better than any other country without any imports or exports. But that would lower the standard of living below the level that the people in this country could otherwise have. The best standard of living is reached by concentrating production on those goods we can produce most efficiently, and then selling those goods to other countries in return for goods which we do not produce as efficiently. The Trade Agreements are a practical step in this direction.

#### COMMERCIAL CORN AREA

1. QUESTION: Why are acreage allotments and marketing quotas for corn confined to a commercial corn area?

ANSWER: Because the production in this area really determines the prices and incomes for growing corn in the entire country. Corn produced outside the commercial area is used largely for home consumption or for consumption in the district where it is grown. The corn program can be operated most economically and most effectively by confining it to the area where most farmers grow corn commercially.

2. QUESTION: How is the commercial corn area determined?

ANSWER: The commercial corn area includes all counties in which the average production of corn per farm is 450 bushels and the average production per acre of farm land is 4 bushels. Bordering counties which contain one or more townships producing, or likely to produce, this much corn on the average are also included in the commercial corn area.

3. QUESTION: Will the commercial corn area be changed every year?

ANSWER: The Farm Act requires that whenever a county meets the definition of Question 2, it must be included in the commercial corn area. Therefore, a new survey is made every year before February 1 and as a result some counties may be added and others eliminated from the commercial corn area.

4. QUESTION: Will the counties outside the commercial corn area increase corn production?

ANSWER: The evidence of history and the experience of the AAA show that very few counties outside the commercial corn area are likely to increase corn production materially as a result of the present Farm Program.

5. QUESTION: Will the South become a competitor of the Corn Belt in the production of corn and hogs?

ANSWER: The South can not compete with the Corn Belt in corn production because the average yields in the Corn Belt are 2-1/2 times as large as those in the South. As a result the South could hardly compete with the Corn Belt in corn production.

Since the cottonseed feed value of an acre of cotton is equal to a third of the feed value of an acre of corn, it is only fair that a large reduction in cotton acreage should result in a small increase in corn acreage in the South. This is particularly true in view of the fact that low incomes make it necessary for Southern farmers to produce most of their own food. Throughout the South, many times as many hogs are slaughtered for home consumption on the farm as are shipped for sale.

#### ACREAGE ALLOTMENTS

1. QUESTION: What benefits does a Corn Belt farmer receive from cooperation in the 1938 Program?

ANSWER: A farmer who cooperates in the 1938 Farm Program receives: (1) The likelihood of improved markets because of his participation in the program; (2) the opportunity of increasing and conserving the fertility of his soil; (3) definite benefit payments regardless of whether his harvest is good or poor; and (4) corn and wheat loans made available to him under the provisions of the Farm Act.

2. QUESTION: Why are specific acreage allotments needed for corn?

ANSWER: Corn acreage allotments are needed in the Farm Program because: (1) The corn carry-over is expected to be nearly twice as large as normal, partly as a result of two droughts which reduced livestock numbers nearly 10 percent below normal; (2) a normal-sized corn crop would result in a larger surplus of corn than the country has ever had; (3) without an adjustment of corn acreage in line with market needs, corn farmers' income would be threatened for two or three years; and (4) excessive corn supplies are likely to lead to excessive expansion in the production of livestock and livestock products.

3. QUESTION: How are county corn allotments set?

ANSWER: (1) The amounts of corn needed for domestic consumption and for exports are estimated. (2) To this is added an ever-normal granary reserve nearly twice as large as normal. (3) The carry-over from previous crops is subtracted from that amount. The result is the national production goal, and this is changed to a national acreage goal. (4) The acreage which the noncommercial area normally plants is subtracted from the national goal. This leaves the goal for the commercial corn area. (5) The allotment for the commercial area is apportioned among the States and counties in the area on the basis of the acreage of corn planted during the past 10 years, with adjustments for abnormal weather conditions, trends, and for participation in previous AAA programs.

4. QUESTION: How are county corn acreage allotments apportioned to individual farms?

ANSWER: They are apportioned to individual farms on the basis of tillable acres, crop rotation practices, type of soil, and topography. The acreage planted in preceding years furnishes a record of crop rotation practices. A soil management report made on every farm in the North Central Region established an acreage of corn which would represent the best soil management practices for the farm. This soil management report furnishes a record of the tillable acres, type of soil, topography, including productivity of the farm. In most cases equal weight is given in the 1938 Program to the acreage planted in preceding years and the soil management report.

5. QUESTION: Will farmers as individuals receive as much income this year by participating in the program as they would if they did not participate?

ANSWER: Reliable estimates have been made that nine out of ten farmers would receive more by participating in the 1938 Program than by not participating. These estimates include the labor and costs of planting an acreage above their allotments, the benefit payments they receive by cooperating, the higher price or loan value they can get on their corn, and the value of the soil-conserving crops they can produce under the Program.

6. QUESTION: Do farmers who have been overcropping their land receive the greatest reductions from their past acreages?

ANSWER: Under the 1938 Program the equal weight given to previous acreages and to the soil management report makes the adjustments greater for those farmers who have been overcropping their land.

7. QUESTION: Why do farmers who have not been overcropping their land have any reductions in their acreage?

ANSWER: The immediate danger of surpluses and low prices makes substantial acreage adjustments necessary. These adjustments will help to support prices received by farmers. For the most part, the farmers who have been overcropping their land during low price years are those farmers who were in severe financial straits and planted large acreages.

in an effort to get much needed cash. Thus, it would work upon them a tremendous hardship if they were asked to make all the needed acreage adjustment in any particular year. Since the farmers who have not been overcropping their land will receive benefits through higher prices because of the Program, they are asked to bear a share of the needed acreage adjustments.

8. QUESTION: What is the average reduction provided in the corn acreage allotments?

ANSWER: The average reduction from last year provided in the corn acreage allotments for the commercial corn area is about 20 percent. The general soil-depleting crops which are provided for under the total soil-depleting allotments include corn in the counties outside the commercial corn area. The average reduction from normal in the acreage of general soil-depleting crops is approximately 12 percent.

9. QUESTION: How are the national, state, and county total soil-depleting allotments established?

ANSWER: The total soil-depleting acreage allotments include the allotments for special soil-depleting crops such as corn, wheat, and cotton, and also include the acreage of general soil-depleting crops, such as oats, barley, rye, etc. The general soil-depleting allotment is the difference between the total soil-depleting allotment and the special allotments for the farm. The national goal for general soil-depleting crops is established on the basis of amounts needed for domestic consumption, exports, and reserve supplies. It is apportioned among the States and counties on the basis of acreages planted in the past.

10. QUESTION: How are the total soil depleting allotments apportioned among the individual farms?

ANSWER: The total soil-depleting allotments for the counties are apportioned among the individual farms on the basis of good soil management and previous acreages. Farmers who have not been overcropping their land are asked to make some adjustment in their acreages of general soil-depleting crops, but farmers who have been over-cropping their soil the most are asked to make the largest adjustments.

11. QUESTION: In future AAA programs will farmers who have been over-cropping their land the most be asked to make further adjustments in their soil-depleting crops?

ANSWER: It is expected that more emphasis can be placed upon soil management in establishing farm allotments the more it becomes possible for farmers who have been over-cropping their farms to make the necessary sacrifices in adjusting their farming operations.

12. QUESTION: How were the soil management reports made and how reliable are they?

ANSWER: The soil management reports were made by farmers selected by the county committees. These farm reporters personally surveyed productivity of the soil, slope of the land, degree of erosion, and type of soil. The township and county committees went over the reports in order to make them as reliable as possible. Additional information obtained in the future will be used to revise and verify the present reports.

#### CORN LOANS

1. QUESTION: When will corn loans be made?

ANSWER: Under the 1938 Farm Act corn loans will be made in every year when the November crop estimate exceeds normal domestic consumption and exports or when the farm price on November 15 is below 75 percent of parity. The only exception would be a year when the supply exceeded normal domestic consumption and export needs by more than 17.7 percent and farmers voted against using marketing quotas to deal with the overflow.

2. QUESTION: Who will be eligible to receive corn loans?

ANSWER: Farmers in the commercial area who do not exceed their corn acreage allotments, and those outside the commercial area who do not exceed their total soil-depleting acreage allotments. In quota years loans are available to non-cooperators in the commercial area, at less advantageous rates, on corn stored under seal in accordance with the Act.

3. QUESTION: What will the rates of the corn loans be?

ANSWER: The corn loans will be made to cooperators in the commercial area at 52 to 75 percent of the parity price of corn. The highest loan would be made on a corn crop smaller than normal domestic consumption and export needs when the farm price of corn is below 75 percent of parity on November 15. With a larger crop, the loan would be smaller, and a crop more than 25 percent above normal domestic consumption and exports would bring a loan of 52 percent of parity, or 43.42 cents with parity at the parity level in May, 1938, of 83-1/2 cents.

4. QUESTION: Will the corn loans support the price of corn?

ANSWER: The corn loans will put a bottom under corn prices for cooperating producers. They will support the price of their corn more on large crops than on average-sized or small crops. Thus, they make it possible for cooperating farmers to receive larger incomes for their large crops of corn than they have in the past.

5. QUESTION: Why should a man who has exceeded his acreage allotment be denied a corn loan, except when marketing quotas are voted?

ANSWER: Loans cannot be made without protection for the Government's investment. Farmers who keep within their acreage allotments are helping to protect the country against corn surpluses and are protecting the Government's investment in corn loans. They are also doing their part to avoid any need for marketing quotas, which are an additional protection for the loan when it is needed. Farmers who exceed their acreage allotments are making it more difficult for the Government to offer protection against low corn prices.

6. QUESTION: Will farmers who cannot get corn loans obtain any benefit from the loan program?

ANSWER: Since the loans will be available to cooperators in the Farm Program at a definite rate, they will tend to support the corn prices for all farmers.

7. QUESTION: Whom should a farmer see about getting a corn loan?

ANSWER: The county committees will have charge of the corn loan program, and farmers can get information about corn loans this fall from their county committees.

8. QUESTION: What are the storage requirements for getting a corn loan?

ANSWER: Corn must be stored safely in order to serve as collateral for a corn loan. Specific requirements will be announced at a later date. In order to obtain loans, some cribs, which have met past loan requirements, may have to be improved.

9. QUESTION: If a farmer can not sell his corn at a price high enough to pay his corn loan, will he have to make up the loss?

ANSWER: No, any farmer who has a corn loan can, instead of paying off his loan in cash, deliver the stored corn to the Government in payment of the loan. In this way the Government takes the loss if the price is below the loan rate.

#### CORN MARKETING QUOTAS

1. QUESTION: When will corn marketing quotas go into effect?

ANSWER: Corn marketing quotas will be offered to farmers only in years when the supply of corn is greater than 17.7 percent or more than 400,000,000 bushels above the normal domestic consumption and export needs of the country. In those years a referendum will be held and quotas will go into effect only if two-thirds of the farmers who vote in the referendum vote in favor of using quotas.

2. QUESTION: What are the prospects for corn marketing quotas this fall?

ANSWER: This depends upon two things: The extent of participation of farmers in the commercial corn area in the AAA Farm Program this year and the yield of corn per acre. If a sufficient number of the farmers cooperate in the program, the supply will not exceed the marketing quota level unless corn yields are considerably in excess of normal. Thus, there would be no need to hold a referendum.

3. QUESTION: Who would be eligible to vote in a referendum on quotas in 1938?

ANSWER: Every farmer who would be subject to marketing quotas would be eligible to vote in the referendum.

4. QUESTION: How will the marketing quota affect the individual farmer?

ANSWER: The farmer who is subject to corn marketing quotas will be asked to store on his farm or under his control a small percentage of his crop until the quotas are suspended. Quotas would be automatically suspended when the supply declines below quota levels or when other circumstances make it advisable to suspend them. If a producer did not exceed his corn acreage allotment, he would be able to get a corn loan on as much of his crop as he wished. Even though he exceeded his allotment, he would be able to get a loan at a lower rate on his storage amount. If he preferred to use or to sell his corn instead of storing it, he would be subject to a penalty of 15 cents per bushel on marketings in excess of his quota.

5. QUESTION: Will the marketing quotas provide farmers protection against price collapse?

ANSWER: Yes. After the supply of corn reaches the marketing quota level, the quotas would hold the surplus off the market and prevent it from depressing corn prices.

6. QUESTION: Will a farmer be free to buy corn from other farmers?

ANSWER: Anyone will be free to buy as much corn as he wishes from anyone who will sell it. The marketing quotas merely set an amount for each commercial corn producer to store. He can even sell that amount if he wishes to pay the 15 cents per bushel penalty.

7. QUESTION: Will a farmer be asked to store any corn if he receives a poor yield?

ANSWER: No, unless his acreage is so large that his total production is above his normal production. The Farm Program provides an Ever Normal Granary for the nation, the county, and the individual farmer. If the production of corn in a county is considerably below normal, part, or all of the corn stored under marketing quotas in a previous year, will be released for market and for livestock feed. This is also true for the individual farmer.

8. QUESTION: How will storage amounts for individual farms be established?

ANSWER: In a marketing quota year, the percentage of the corn acreage allotment for the commercial corn area that would result in a normal supply of corn on the market will be estimated. That would be the marketing percentage of the corn acreage allotments, or the marketing acreage. The storage amount for any individual farm would be based upon the corn acreage allotments for the farm, and would be the smallest one of the following amounts:

- (1) The normal production on the corn acreage in excess of the marketing acreage.
- (2) The amount by which the actual production of corn exceeds the normal production on the marketing acreage.
- (3) The amount of corn not used for silage.

Under the last provision and other exemptions, there would be no limitations on the amount of corn a farmer might use for silage.

9. QUESTION: Will farmers who raise only small amounts of corn be asked to store part of their production?

ANSWER: Any farmer whose storage amount is figured at less than 100 bushels will not be asked to store any corn. Any farmer whose normal production on his planted acreage of corn is less than 300 bushels will not have a storage amount. If the acreage of corn on a farm does not exceed the marketing percentage of the acreage allotment, there will be no storage amount for the farm. Under these provisions, farmers who raise only small amounts of corn will not have storage amounts and will not be subject to the marketing quota penalty.

10. QUESTION: How often can farmers expect to have marketing quotas on corn?

ANSWER: The AAA Farm Program will provide acreage allotments every year that should, under ordinary conditions, keep corn production balanced and thereby prevent quotas. With two-thirds of the farmers participating 100 percent in the Farm Program, marketing quotas on corn will be possible only when yields are exceptionally high. With average yields, marketing quotas will be possible only if a large percentage of the farmers plant considerably more corn than their acreage allotments provide.

11. QUESTION: How often in the past would marketing quotas have been available to farmers?

ANSWER: Since the year 1909 there are only four years in which the supply of corn exceeded the marketing quota level defined in the 1938 Farm Act. Those years are 1910, 1920, 1921 and 1932. Each one of these years is a year of low corn prices. In 1910 the price was 51.6 cents,

considerably below the five-year average, 1910-1914. The price of corn dropped from \$1.51 in 1919 to 61.8 cents in 1920. In 1921 it dropped again to 52.3 cents. In 1932 thousands of bushels of corn were sold for as little as 7 cents a bushel because farmers had to get money in some way. The marketing quotas on corn are for emergency use only, but when an emergency like that of 1932 is threatened, the quotas will be available.

12. QUESTION: With marketing quotas available to farmers, why are acreage allotments needed?

ANSWER: Marketing quotas apply to all farmers whether they favor quotas individually or not. Farmers in general are expected to use voluntary acreage allotments from year to year and to have marketing quotas available to them for years when emergencies arise in spite of the voluntary acreage program. The choice is actually one for farmers to make themselves.

13. QUESTION: Why should farmers outside the commercial area be permitted to sell all their corn?

ANSWER: It would not improve farm incomes by any significant amount for farmers outside the commercial area to be subject to corn marketing quotas. Very little of the corn produced outside the commercial corn area competes in any direct way with corn produced inside the commercial area. The administration of corn marketing quotas outside the commercial area would be both expensive and impractical.

#### WHEAT

1. QUESTION: How large is the wheat crop for this year and how much is the carryover from last year?

ANSWER: The June crop report estimated the winter wheat crop at 760 million bushels and it has been estimated that with normal yields the spring wheat crop will be at least 260 million bushels, giving a total crop for 1938 of about 1,020 million bushels. Some trade estimates are for a crop considerably higher than these figures. The carryover on July 1 will probably add about 200 million bushels to the supply.

2. QUESTION: What prices can farmers expect to receive for wheat this summer and fall?

ANSWER: Wheat prices have been going down as the new crop prospects have improved. Farm prices in United States declined from \$1.27 per bushel in April, 1937, to 75 cents in April and 71 cents for May, 1938. The trend in domestic and foreign wheat prices is expected to continue downward as further adjustment is made toward the new-crop basis. It is extremely difficult to forecast what prices will be, but they are not expected to be materially above present levels unless the crop is much smaller than expected.

3. QUESTION: When will the wheat acreage allotments for 1939 be in the hands of farmers?

ANSWER: The national wheat acreage allotment for 1939 will be announced by July 15. These allotments to farmers will be made as soon as the 1939 allotment is known and farmers will be notified as rapidly as possible. All farmers should have their allotments before time to seed their 1939 crop.

4. QUESTION: Will a wheat loan be made this summer and who will be eligible to receive it?

ANSWER: It is expected that wheat loans will be available this season. The Act directs that the wheat loans are to be offered to farmers when the farm price on June 15 is below 52 percent of parity or when the July crop estimate for wheat is in excess of a normal year's domestic consumption and exports. If made, these loans probably will be announced about the middle of July.

The Act directs that loans shall be made to cooperators in any year when the price and supply conditions are as described above, whether a marketing quota is or is not in effect. In years when a quota is in effect loans are also offered to non-cooperators. For the purpose of loans, a cooperator is one who does not overplant his acreage allotment. After 1938 this applies to the wheat acreage allotment, but for this year loan provisions are available to any wheat farmer whose total acreage of soil-depleting crops has not exceeded 105 percent of his total soil-depleting allotment.

5. QUESTION: How much will the wheat loan be?

ANSWER: The rate of wheat loan to cooperators has not been announced but under the Act it must be between 52 and 75 percent of the parity price at the beginning of the marketing year. The parity price in May, 1938, was \$1.15, and 52 percent of this price is 60 cents. It is expected that the loan rates will vary for different shipping points and for different grades of wheat. The rate to non-cooperators will be 60 percent of the rate to cooperators.

6. QUESTION: How much reduction will the wheat acreage allotments call for?

ANSWER: The wheat acreage allotments will be determined by the size of the supply of wheat in this country when the allotments are announced, but the total allotment will not be less than 55 million acres. That supply includes the carry-over and the prospective crop. The allotment will be large enough to produce a supply equal to a normal year's domestic and export requirements plus 30 percent. It is estimated that if the present prospects for the 1938 crop are realized the national acreage allotment for 1939 may be as low as the 55-million acre minimum recently fixed by Congress for that year. This would be a reduction of 31 percent from the 80-million acre seedings of 1938. The allotment for 1938, used only for the purpose of calculating benefit payments, was 62 1/2 million acres.

7. QUESTION: When can farmers expect to have wheat marketing quotas?

ANSWER: There will be no wheat marketing quotas for 1938 but a wheat marketing quota may be announced in 1939. This will be known definitely May 15, 1939, the date specified for the announcement of a wheat marketing quota for the marketing year beginning July 1. If a quota is announced at that time, it must be approved in a referendum held before June 10.

8. QUESTION: Will wheat marketing quotas be needed soon?

ANSWER: Wheat marketing quotas might be needed in 1939 if the prospective crop for next year and the carryover make a total supply larger than between 950 million to a billion bushels. If the prospective total supply is larger than this, the law requires that a quota must be proclaimed and farmers will then vote on the question in a national referendum.

9. QUESTION: What can a farmer do with wheat he cannot sell without a penalty if a marketing quota is in effect?

ANSWER: In the first place, he may obtain a government loan on his wheat and store it under seal. In the second place, he can use some of it to pay premiums on crop insurance with the Federal Crop Insurance Corporation. He could feed some to livestock.

DAIRY FARMING

1. QUESTION: What does the farm program do for the dairy farmers?

ANSWER: The Soil Conservation Program is open to all farmers, including dairymen. The Farm program offers the dairy farmers an ample supply of concentrated feeds at more uniform prices over a period of years. By the direct encouragement of pasture and hay crops, particularly the legumes, it provides dairymen with the means for producing milk at lower cost and of higher quality. Through the direct encouragement of erosion-preventing crops, dairy lands are given protection. The payment of awards to increase the use of lime and phosphate in pasture improvement and in establishing soil-conserving crops not only benefits the dairy industry through the maintenance of soil fertility, but provides calcium and phosphorus, which are heavily drawn upon in the production of milk. The dairy industry gains a more secure market for its products through the contribution of the Farm Program to national prosperity and stability.

2. QUESTION: Will the farm program increase dairy production?

ANSWER: The Farm Program contemplates shifting 25 million acres or more of corn, wheat, cotton, and other concentrated feed crops into grasses, legumes, and other soil-improving crops. The soil-improving crops produce fewer units of livestock feed per acre than do the concentrated feed crops. They make possible the production of milk at a lower cost, but it is believed that dairy production will not be increased as a result of the program.

3. QUESTION: Why is the dairy farmer not included in benefit payments and production control?

ANSWER: Under the 1938 Farm Program, the dairy farmer is included in payment of awards for adjusting his acreage to increase the proportion of the soil-conserving crops under the program, for planting alfalfa and clovers, for the use of lime, phosphate and other fertilizers in improving pastures and establishing new seedings of soil-conserving crops, and for erosion-control purposes. Through cooperation with the Marketing Division of the Agricultural Adjustment Administration, the dairy farmer is offered the opportunity of taking part in marketing agreements, aimed toward stabilization of milk marketings and prices in areas where they apply.

4. QUESTION: Why does the Farm Program permit use of diverted acres for dairy production?

ANSWER: The Agricultural Adjustment Act of 1938 contains specific provisions to guard against increased dairy production on diverted acreage, other than for home use. Five year's experience under the AAA programs from 1933 through 1937 has shown that the dairy industry is not injured by shifting large acreages of concentrated feed crops to legumes and grasses. While an increased proportion of pasture and hay in the dairy ration lowers the cost of producing milk, total milk production is not increased as compared to the production from intensified feeding of concentrated rations.

5. QUESTION: What will be the effect of the Farm Program upon the dairy farmer's income?

ANSWER: The effect of the Farm Program should be to increase the dairy farmer's income, provided full cooperation is given in carrying out the soil conservation, pasture improvement, and marketing agreement features offered to dairymen. The ever-normal granary and crop insurance features and increased pasture and roughage resulting from the Farm Program should stabilize and protect the dairy farmer's income.

6. QUESTION: Does the dairy farmer need a more specific place in the Farm Program?

ANSWER: As dairymen cooperate in the program to a greater degree, a more specific place is assured the dairy farmer. Opportunity is offered in the program to cooperate, both in the production and in marketing of milk and dairy products, and the foundation is laid for the dairymen to seek wider uses for milk and dairy products, and to cheapen the cost of production.

7. QUESTION: Are there any restrictions in the Farm Program on the use of diverted acres?

ANSWER: Participating farmers who live in counties where the number of dairy cows has materially increased and who have materially increased the number of dairy cows on their farms will be unable to use diverted acres for dairy production without loss of payments.

LIVESTOCK PRODUCERS

1. QUESTION: Why does the Farm Program not offer any benefit payments for livestock production?

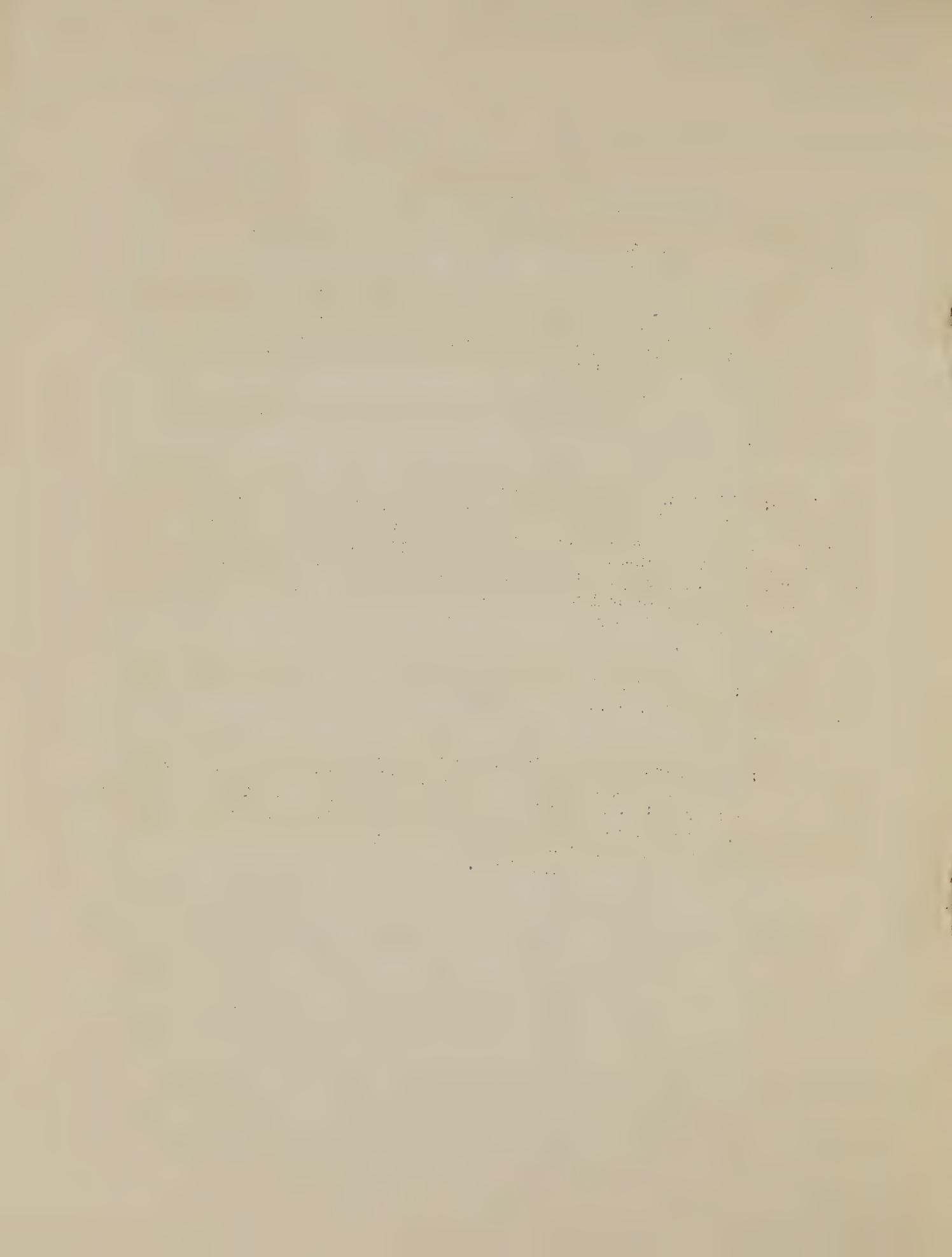
ANSWER: The Farm Program affords benefit payments for the improvement of range land, noncrop pasture land, and crop land. In this manner it makes benefit payments available to livestock producers for good management of the land on which livestock is grazed and the land which produces crops for livestock feed.

2. QUESTION: Do livestock producers need any kind of control over production?

ANSWER: If livestock producers use their range, pasture and crop land according to good soil management practices, and cash grain farmers similarly follow good farming practices, no control of livestock production should be needed to maintain fair incomes for livestock producers. The AAA Farm Program is designed to stabilize the available supplies of feed for livestock production and to stabilize feed prices. This should prevent the wide fluctuations in livestock production that cause low incomes for livestock producers.

3. QUESTION: Is it fair for the producers of feed grains to have their prices raised while livestock producers have no program for holding up their prices?

ANSWER: The Farm Program aims to encourage production of feed grains in large enough quantities to maintain livestock production at a level where prices will be fair to cash grain farmers, livestock producers, and consumers. Greater stability of feed grain supplies and prices should help stabilize production and prevent periodic low livestock prices and excessively high livestock feed prices.



OCT 24 1938

1938  
OCT 24 1938

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

NORTH CENTRAL DIVISION



QUESTIONS AND ANSWERS

AAA FARM PROGRAM

OCTOBER 1938



1. QUESTION: Why do we need a national farm program?

ANSWER:

(1) - Because excessive acreages of soil-depleting crops, especially corn, wheat, cotton, and tobacco destroy soil fertility and cause soil erosion.

(2) - Because excessive acreages of cash crops bring low prices and low farm incomes.

(3) - Because not enough food and feed are kept in reserve to protect farmers and consumers in short crop years.

2. QUESTION: How does the AAA Farm Program conserve soil resources?

ANSWER: It provides payments to help farmers pay the cost of shifting excess acreage of soil-depleting crops to soil-conserving crops. Soil fertility cannot be conserved and soil losses cannot be prevented unless farmers avoid an overexpansion of the acreage of crops which deplete the soil and increase erosion.

3. QUESTION: How does the AAA Farm Program maintain the farmer's income?

ANSWER: It helps to stabilize market supplies of farm products at levels that will maintain fair prices to farmers. It offers commodity loans to support farm prices. It provides payments to supplement the incomes of farmers who cooperate in balancing acreage.

4. QUESTION: How does the AAA program protect the consumer?

ANSWER:

(1) - By building up soil fertility and checking soil erosion, it insures his future food supply.

(2) - By carrying over surplus production in the Ever-Normal Granary, it insures him against shortage and excessive prices in years of poor crop yields.

(3) - By helping to stabilize farm prices, it reduces the risk of handlers and processors, and narrows the margin between producer and consumer. When farm prices go up, retail prices follow quickly. When farm prices go down, retail prices are much slower to decline. When prices are steady, the margin between producer and consumer becomes less.

(4) - By maintaining farm buying power, it makes the farmer a better purchaser of city goods and so makes jobs for city wage-workers.

5. QUESTION: How does the AAA Farm Program stabilize and maintain adequate supplies of food and feed?

ANSWER: It helps to prevent excessive market supplies of farm products. It stores up fertility in the soil for future use. It increases reserves of food and feed and makes them available for short crop years when they are needed. It provides for acreages that with average yields will produce adequate supplies for domestic use, for exports, and for the increased reserves.

6. QUESTION: Is the AAA Farm Program an attempt to change the law of supply and demand?

ANSWER: No. The law of supply and demand is not changed any more than the law of gravitation is changed when we put brakes on an automobile so that gravitation will not pull it down hill too fast.

An old English economist by the name of Adam Smith once explained how the law of supply and demand affects farmers. He said that if there were a demand for nine bags of beans and if farmers produced nine bags they could sell them at a fair price. But, he added, if farmers produce ten bags of beans then the tenth bag must be sold to someone who does not want it very badly and who will buy it only at a cheap price. The cheap price at which that tenth bag of beans is sold determines the price of the other nine also.

The obvious answer is that if farmers are wise they will produce only nine bags of beans, if that is all the market wants. Then if the weather is unusually good and they get ten bags of beans anyway, they will store the tenth bag in an ever-normal granary until it is needed, rather than try to sell it and so ruin the price of the other nine.

The present farm program is an attempt to fit the supply to the demand by planting soil-improving crops on acres that are not needed for grain production at the present time and storing surpluses for future needs.

7. QUESTION: Why have corn prices been low during the past year?

ANSWER: Farm prices for corn have averaged about 50 cents a bushel during the past year. They have been supported in part by the 50 cent corn loan under the AAA Farm Program. Low livestock numbers, resulting from the severe droughts of 1934 and 1936, made the use of corn for livestock feed smaller than usual. The large 1937 corn crop of 2,645,000,000 bushels, resulting from high yields in 1937, was larger than the amount needed for livestock feed. As a result the carry-over of corn on October 1, 1938, is estimated to be about 320,000,000 bushels. This is larger than any carry-over in the past 12 years except for the two large corn carry-overs following the bumper crop of 1932. Cooperating farmers are protected against the price-depressing effect of the large carry-over which insures its being held on farms until it is needed.

8. QUESTION: Why are wheat prices low at the present time?

ANSWER: The average price received by farmers for wheat was about 60 cents in July 1938, and about 51 cents in August 1938. In 1937 and 1938 wheat farmers seeded record wheat acreages of 81,000,000 acres. This was about 14,000,000 acres greater than the 1928-32 average when our largest previous surpluses accumulated. The 1937 wheat crop was the largest since 1931, and was followed in 1938 by a crop of about 940,000,000 bushels, about equal to the large crop of 1931. The wheat yields in 1937 and 1938 have been only about 12 bushels per acre, but the excessive acreages produced large supplies which forced wheat prices down.

9. QUESTION: Will not soil conservation add to the problem of crop surpluses?

ANSWER: While the farm program helps to maintain soil fertility it probably would require many years of effective soil-building practices to increase the total national corn production. Fertile soil will produce crops at lower cost. No matter how much or how little the markets need, the lower the cost of production the better off the farmer will be.

We need to look ahead too, to the time when increased population and higher food standards of living will increase the farmer's markets. We do not want to come to that time with soils whose productive capacity is badly depleted.

Soil conservation through acreage adjustment merely stores in the soil, until such later time as it may be useful, the soil fertility that otherwise would produce an unneeded surplus.

10. QUESTION: Does the farm program take away the farmers' liberty?

ANSWER: The farmer who is trying to make a living from wornout soil has no liberty. He is a slave to a soil that cannot resist adverse weather and that makes only a meager response to the work that is applied to it.

The farmer who lacks the money to pay his interest and taxes and operating expenses has no liberty. He is at the mercy of his creditors. The only farmer who is independent is the one who has a productive soil and who is making enough money to meet his obligations.

The farmer who voluntarily cooperates in the AAA Program will avoid the regimentation resulting from wornout soil and low income. The Farm Program does not take away the farmers' liberty; it assures it.

11. QUESTION: Does the farm program encourage an increase of corn production in the South?

ANSWER: The farm program contains definite provisions for preventing the South from increasing commercial corn production in competition with the Corn Belt. Larger acreages of home food and feed crops are needed to improve living standards in the South. But deductions are made from agricultural conservation payments in the South for increasing the acreage of these crops above the amounts needed for home consumption. Southern farmers ordinarily expand their corn acreage when cotton prices are low. In 1938 corn acreages in the 12 cotton States of the South was 900,000 acres below the acreage planted in 1933 before the Agricultural Adjustment Act was passed. The lower corn acreage accompanied reduction in planted cotton acreage from 40,000,000 acres in 1933 to 27,000,000 acres in 1938. The 13,000,000 acre reduction in cotton was the equivalent of a reduction of livestock feed of approximately 4,000,000 acres of corn in the South because of the reduction in cottonseed production. The 320 pounds of cotton seed produced on the average acre of cotton in the South is equal to about 5.7 bushels of corn in livestock feed values. The average yield of corn in the South is 15.3 bushels per acre. Thus, for every three acres taken out of cotton, about one acre of corn would have to be planted to provide as much feed for livestock as that lost by reducing cotton. Similarly, an acre of cotton in the South produces about 34 pounds of cottonseed oil sold in direct competition with lard and butter from the Corn Belt, while an acre of corn in the South produces only about 20 pounds of lard.

12. QUESTION: Does the farm program encourage an increased production of dairy products?

ANSWER: The total amount of food and feed supplies is not increased by diversion of acreage from grain crops to soil-conserving crops. Corn is fed for dairy production. Experience has shown that dairy production increases most rapidly in periods of low grain prices. At such times dairymen are encouraged to feed more heavily and economic pressure forces grain farmers into dairying. The AAA program provides that conservation payments may not be made to farmers who have materially increased dairy cow numbers and dairy production in counties where dairy cow numbers have been materially increased.

13. QUESTION: Why should a farmer who feeds all his corn and even buys more be asked to adjust his corn acreage?

ANSWER: The livestock feeder has as much interest in preventing a collapse of corn prices as anyone else. The corn program will benefit the livestock producer by balancing corn production. Wide fluctuations in corn prices make it difficult for livestock feeders to plan their operations. Adjustment of acreage and increased reserves can be expected to lessen the wide variations in corn prices and supplies. Farmers, who under normal circumstances would not choose to feed livestock, are forced by low corn prices to feed their corn to livestock in an effort to get a decent price for it. The result is an overexpansion of livestock production and a collapse of livestock prices. If the livestock feeder who grows corn wants to avoid the low livestock prices that result from low corn prices, he must do his share to balance corn supplies.

14. QUESTION: If everyone in the United States had enough to eat, would it not take care of our farm surpluses?

ANSWER: The surpluses of wheat probably could not be further reduced to any extent by practical means for increasing the use of wheat for food. Surplus wheat is being purchased as rapidly as it can be used for existing relief needs.

It is a fallacy to assume that large surpluses of farm products at low prices will be used up through increased consumption. Low-priced surpluses existed in 1932, but more people went hungry in this country than ever before. Consumers need higher incomes and greater employment to increase their consumption of dairy, meat, fruit, and vegetable products which are the food products consumers should have in larger quantities. Improved farm prices and incomes resulting from the farm program can be expected to increase employment and consumer buying power.

15. QUESTION: Does the farm program reduce production in this country and allow farm products to be shipped in from other countries?

ANSWER: During the past year corn exports amounted to more than 130 million bushels, the highest in more than 15 years. During the wheat crop year closed June 30, 1938, our wheat exports were more than 100 million bushels. Imports of both of those products have practically disappeared.

With the increased reserves accumulated under the ever-normal granary and crop insurance features of the Farm Program, less imports will be needed to make up for short crops.

Imports of our major farm products are a sign of high prices in this country. They can come in only when prices are high as a result of short crops.

16. QUESTION: Why cannot the problem of farm surpluses be solved by the payment of a small subsidy on exports?

ANSWER: Most of the European countries into which our subsidized products might move are trying to stimulate their own food production in order to be self-sufficient in time of war. Consequently, they refuse to buy our products no matter how low the price. They raise their tariffs in retaliation to export subsidies and even to shut out increased exports resulting from low prices. They put up import quotas that subsidies cannot get past and they place restrictions on the amounts of their money that can be spent for imports.

17. QUESTION: Why not do away with acreage adjustment and merely have the government fix the price for the amounts of farm products consumed in this country and export the rest for whatever it will bring?

ANSWER: Any such domestic allotment or price-fixing program must be considered in the light of: First, overexpansion of acreage, destruction of the nation's soil, shipping soil resources abroad at bargain prices, and charging the bill to the American consumer; Second, material expansion in export outlets for the amounts not consumed in this country would be extremely costly, if not impossible; Third, the licensing of shippers and processors would be very distasteful and would probably result in strict regulations for all farmers; Fourth, consumers will often refuse to buy food products at unduly high prices. If they substituted other products, then greater agricultural surpluses would accumulate to break down such a plan.

There are two principal types of such price-fixing and domestic allotment plans. One would be simple to operate because it provides that for whatever a farmer raises, he should receive a fixed price on a certain percentage and an unknown export price on the rest. This plan would stimulate all farmers to expand their production as rapidly as possible, in order to get the fixed price on as large a number of bushels or pounds as they could. Obviously, the plan would eventually break itself down because of the extreme pressure to violate the price provisions and because it would probably be impossible to force the expanded surpluses upon other countries.

The other plan would require a very involved and complicated procedure for establishing a domestic marketing allotment for each commodity on each farm. For instance, a domestic allotment would have to be set for hogs and all other grain-consuming livestock, as well as for corn and other feed grains. Then it would be necessary to trace the sale of feeds and feeder animals between farmers. In addition, it would be necessary to establish allotments of various feeds used for commercial livestock production, for home consumption, and for work animals. The results would undoubtedly be severe restrictions, enforcement difficulties, greater complexity, much higher cost to the consumer, and destruction of the nation's soil.

18. QUESTION: Is the present AAA Farm Program adequate to do the job?

ANSWER: The present AAA Farm Program provides for:

(1) - Acreage adjustments of soil-depleting crops to conserve the soil and balance supplies of farm products with needs for domestic use, exports, and adequate reserves.

(2) - Commodity loans to support prices and enable farmers to obtain a return from their crops while storing them under seal on their farms.

(3) - Marketing quotas for use only in emergencies if two-thirds of the farmers affected vote for them. They would hold surpluses off the market until needed in short crop years.

(4) - Crop insurance on wheat to assure wheat farmers something to sell in years of short crops.

(5) - Purchases of crop surpluses for distribution to persons on relief to increase consumption among those who cannot buy adequate supplies of food.

(6) - Regional laboratories to discover new uses for agricultural surpluses and to work out practical ways of diverting surpluses into these new uses.

(7) - Funds to maintain a fair share of the world trade for the United States farmer.

(8) - Marketing agreements and orders to promote orderly marketing of milk, fruits, vegetables, and other commodities for which farm incomes can be improved by these means.

(9) - Payments to help pay the cost of conserving soil fertility and of balancing acreage of major commodities.

(10) - Parity payments, or price adjustment payments, to increase farmers' incomes for corn, wheat, cotton, tobacco, and rice.

All of these provisions of the AAA Farm Program are in effect at the present time for various agricultural products. Additional use of them awaits only the development of practical ways of making them effective for other major crops where more support appears to be needed for farm prices and incomes.

19. QUESTION: Would a general international war increase United States farm prices?

ANSWER: During the first two years of the World War corn and hog prices did not rise. Only after general inflation began at the end of two years of the war did corn and hog prices begin their rise. Present domestic and world production and supply conditions indicate that a general international war at the present time probably would not increase the demand for corn and hogs for at least two or three years. As a result, corn and hog prices could not be expected to rise for at least two or three years.

Wheat prices rose during the first year of the World War, but fell in the second year. No marked increase in wheat prices occurred until the general inflation that began in the third year of the War and ended in the price collapse and depression of 1921, which farmers have been paying for ever since. European countries have expanded their wheat acreage and production during the past 10 years. They are now probably more self-sufficient in wheat production than at the opening of the World War. They have stored tremendous reserve supplies of wheat and other food products in preparation for war. The world supply of wheat is now the highest on record. Thus it cannot be expected that a material increase in wheat exports nor a marked rise in wheat prices would result from a general war in the first two or three years. Similarly, no rise in cotton and tobacco prices could be expected since no material rise in cotton and tobacco prices occurred during the first two years of the World War. At some points prices were considerably lower than before the War.